

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
***Of the Parishes of Terrebonne and Lafourche***  
***State of Louisiana***  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 20 2012**

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended December 31, 2011**

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**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2011*

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$143,724, or nearly 14%. As a result of this year's operations, assets exceeded liabilities by \$1,144,536 (net assets).
- During the year, expenses were \$221,034 more than the \$24,870 generated in program revenues for governmental programs. General revenues of \$364,758 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$143,724. This compares to last year when revenues exceeded expenses by \$105,064.
- Program expenses decreased by \$41,829, or about 17%.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information, is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2011**

**Government-Wide Financial Statements**

One of the most important questions asked about finances is, "Is the Bayou Blue Fire Protection District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Bayou Blue Fire Protection District.

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Blue Fire Protection District utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

Net assets increased from \$1,000,812 to \$1,144,536, or about 12%. In comparison, last year net assets increased by \$105,064 or about 10%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2011*

established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities.

**Condensed Statement of Net Assets**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Current and Other Assets	\$ 823,958	\$1,006,909	\$ 182,951	18.2%
Capital Assets	971,840	902,079	(69,761)	-7.7%
<b>Total Assets</b>	<b>1,795,798</b>	<b>1,908,988</b>	<b>113,190</b>	<b>5.9%</b>
Current Liabilities	367,181	415,175	47,994	11.6%
Long Term Debt	427,805	349,277	(78,528)	-22.5%
<b>Total Liabilities</b>	<b>794,986</b>	<b>764,452</b>	<b>(30,534)</b>	<b>-4.0%</b>
Invested in Capital Assets	544,035	552,802	8,767	1.6%
Unrestricted	456,777	591,734	134,957	22.8%
<b>Total Net Assets</b>	<b>\$ 1,000,812</b>	<b>\$1,144,536</b>	<b>\$ 143,724</b>	<b>12.6%</b>

Program revenues for the governmental activities decreased significantly because the District did not receive any federal disaster revenues in the current year, while expenses also decreased by approximately 17 percent (\$41,829)

**Condensed Statement of Activities**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Total program expenses	\$ (287,733)	\$ (245,904)	\$ (41,829)	-17.0%
Total program revenues	55,523	24,870	(30,653)	-123.3%
<b>Net program income</b>	<b>(232,210)</b>	<b>(221,034)</b>	<b>11,176</b>	<b>-5.1%</b>
General revenues	337,274	364,758	27,484	7.5%
<b>Change in Net Assets</b>	<b>105,064</b>	<b>143,724</b>	<b>(38,660)</b>	<b>-26.9%</b>
<b>Net Assets:</b>				
Beginning of the year	895,748	1,000,812	105,064	10.5%
End of the year	<u>\$1,000,812</u>	<u>\$1,144,536</u>	<u>\$143,724</u>	<u>12.6%</u>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2011*

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The Bayou Blue Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported total fund balance of \$594,747. This reflects an increase of \$134,005 or 29% from last year. The Board implemented GASB 54 during the current year pertaining to classifications of fund balance. The Board has committed \$225,000 to stabilize the budget for one year of operating costs, \$200,000 for the future purchase of SCBA air-pack systems for the volunteer fire fighters safety due to the existing system expiring in the year of 2013, and \$100,000 for the purchase of property, building purchase, or building improvements based on the recommendations of the Property Insurance Association of Louisiana (PIAL) audit of 2012.

Total revenues for governmental funds were \$389,628, a slight decrease from last year. Current expenditures for governmental activities were \$255,623, a large decrease from prior year (\$748,948). In the prior year a capital expenditure for a new truck was included in total expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised twice during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$378,900
Amendments were made for:	
Increased Ad Valorem taxes received	3,900
Increased Intergovernmental revenue	6,100
Increased Interest and miscellaneous	325
Total revenue amendments	10,325
Amended Budgeted Revenues	\$389,225

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2011*

Original Budgeted Expenditures	\$371,805
Amendments were made for	
Increased current expenditures	19,314
Decreased Capital Outlay	(47,000)
Increased Debt Service	370
Total expenditure amendments	(27,316)
Amended Budgeted Expenditures	\$344,489

### **CAPITAL ASSETS**

Capital assets, net of accumulated depreciation of \$618,039, for governmental activities at year-end were \$902,079. This year there was \$37,555 of additions to capital assets. Depreciation of \$107,316 was recorded on capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

### **DEBT**

At year-end, the Bayou Blue Fire Protection District had a principal balance on a long term debt to be repaid of \$349,277.

The District entered into a capital lease agreement for financing the acquisition of a fire truck in 2008. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$287,742. Annual payments are due on March 13<sup>th</sup> of each year. The interest rate on the amount financed is 4.40% per annum.

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, was recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25<sup>th</sup> of each year. The interest rate on the amount financed is 3.75% per annum.

During the year payments of \$78,528 of principal and \$17,526 of interest were applied to the prior year balance. More detailed information about the capital lease is presented in Note 6 to the financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2011*

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of next year's General Fund budget include.

	<u>FY 2012</u>
Anticipated revenues	\$409,400
<b>Expenditures:</b>	
Current – public safety	452,075
Debt service	96,068
Capital outlay	197,000
Anticipated expenditures	<u>371,805</u>
Excess of expenditures	37,595
<b>Fund Balance:</b>	
Beginning of the year	505,478
End of the year	<u>\$543,073</u>

The Board has also reserved \$225,000 for budget stabilization funds and \$25,000 for a service truck to be used in the 2012 fiscal year.

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Bayou Blue Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Harvey Parks, Sr., Chairman  
Bayou Blue Fire Protection District  
1870 Bayou Blue Road  
Houma, LA 70364



## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Commissioners of  
Bayou Blue Fire Protection District  
Houma, LA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of the Lafourche Parish Council as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Bayou Blue Fire Protection District. Our responsibility is to express an opinion on these basic financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly the financial position of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of December 31, 2011, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

To the Commissioners of  
Bayou Blue Fire Protection District  
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In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2012, on our consideration of the Bayou Blue Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Stagni & Company*

Thibodaux, Louisiana  
March 22, 2012



# **BAYOU BLUE FIRE PROTECTION DISTRICT**

## **Statement of Net Assets**

**December 31, 2011**

### **ASSETS**

Cash	\$ 299,143
Investments	326,452
Ad valorem taxes receivable	77,412
Due from other governments	289,270
Miscellaneous receivables	2,654
Prepaid Insurance	11,978
Capital Assets, net of accumulated depreciation	902,079
<b>TOTAL ASSETS</b>	<b><u>\$ 1,908,988</u></b>

### **LIABILITIES**

Accounts payable	\$ 18,813
Deferred revenue	393,349
Interest payable	3,013
Long term liabilities:	
Due in one year	82,812
Due in more than one year	266,465
<b>TOTAL LIABILITIES</b>	<b><u>764,452</u></b>

### **NET ASSETS**

Invested in capital assets, net of related debt	552,802
Unrestricted	591,734
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,144,536</u></b>

See notes to financial statements

**BAYOU BLUE FIRE PROTECTION DISTRICT****Statement of Activities - Governmental Activities****For the Year Ended December 31, 2011**

	Program Revenue			Net Revenue (Expense)
	Expenses	Charges for services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>				
Public safety activities:	\$ 245,904	\$ 24,870	\$ -	\$ (221,034)
Total governmental activities	<u>\$ 245,904</u>	<u>\$ 24,870</u>	<u>\$ -</u>	<u>(221,034)</u>
<b>GENERAL REVENUES</b>				
Ad valorem taxes				348,885
State revenue sharing				12,397
Interest earned				3,244
Miscellaneous				232
<b>TOTAL GENERAL REVENUES</b>				<u>364,758</u>
<b>CHANGE IN NET ASSETS</b>				143,724
<b>NET ASSETS:</b>				
Beginning of year				1,000,812
End of year				<u><u>\$ 1,144,536</u></u>

See notes to the financial statements

**BAYOU BLUE FIRE PROTECTION DISTRICT****Balance Sheet - Governmental Fund - General Fund****December 31, 2011****ASSETS**

Cash	\$ 299,143
Investments	326,452
Ad Valorem taxes receivable	
Terrebonne Parish	10,956
Lafourche Parish	66,456
Due from tax collector	
Terrebonne Parish	169,691
Lafourche Parish	111,263
Due from State of Louisiana	
Terrebonne Parish	3,410
Lafourche Parish	4,906
Prepaid Insurance	11,978
Miscellaneous	2,654
<b>TOTAL ASSETS</b>	<b><u>\$ 1,006,909</u></b>

**LIABILITIES AND EQUITY**

Accounts payable	\$ 18,813
Deferred revenue	
Terrebonne Parish	185,686
Lafourche Parish	207,663
<b>TOTAL LIABILITIES</b>	<b><u>412,162</u></b>

**FUND BALANCE**

Committed for:	
Budget stabilization - 1 year of operating costs	225,000
SCBA Air-pack System purchase	200,000
Purchase of property, building and improvements	100,000
Unassigned	69,747
<b>TOTAL FUND BALANCE</b>	<b><u>594,747</u></b>

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Add - Capital Assets	1,520,118	
Deduct - Accumulated Depreciation	<u>(618,039)</u>	902,079

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Deduct - Accrued Interest on Bonds Payable	(3,013)	
Deduct - Long-term debt due within one year	(82,812)	
Deduct - Long-term debt due in more than one year	<u>(266,465)</u>	
<b>Net assets of governmental activities</b>		<b><u>\$ 1,144,536</u></b>

See notes to financial statements

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Fund - General Fund**  
**For the Year Ended December 31, 2011**

**REVENUES**

Ad Valorem Taxes	
Terrebonne Parish	\$ 161,274
Lafourche Parish	187,611
Intergovernmental	
State Revenue Sharing	
Terrebonne	5,128
Lafourche	7,269
Fire Insurance Tax	24,870
Interest	3,244
Miscellaneous	232
<b>TOTAL REVENUES</b>	<b><u>389,628</u></b>

**EXPENDITURES**

General government - current	
Ad valorem tax deductions	11,852
Ad valorem tax adjustments	1,300
	<b><u>13,152</u></b>
Public safety - current	
Office supplies	4,862
Gasoline/Diesel/Oil	6,070
Operating supplies	2,766
Firefighter Turnout Gear	1,973
2% Fire Ins Reb Exp (Uniforms)	991
Utilities	5,295
Telephone	2,461
Insurance	28,353
Professional & Other Fees	12,629
Membership dues	415
Travel & Training	1,556
Community relations	3,197
E-911 Fire Dispatch Services	8,261
Building Repairs & Maintenance	10,262
Communication Equipment Repairs	640
Truck Repairs & Maintenance	17,130
Equipment Repairs & Maintenance	2,001
<b>Total public safety - current</b>	<b><u>108,862</u></b>
Debt Service	
Principal retirement	78,528
Interest and fiscal charges	17,526
<b>Total debt service</b>	<b><u>96,054</u></b>
Capital expenditures	<u>37,555</u>
<b>TOTAL EXPENDITURES</b>	<b><u>255,623</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>134,005</u></b>
<b>FUND BALANCE</b>	
Beginning of year	460,742
End of year	<b><u>\$594,747</u></b>

See notes to financial statements

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Fund to the Statement of Activities**  
**For the Year Ended December 31, 2011**

Net change in fund balances \$ 134,005

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	37,555	
Deduct - Depreciation expense	<u>(107,316)</u>	(69,761)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds

Add - Principal payment on long-term debt	78,528
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Accrued interest expense on debt and the amortization of bond issuance costs, are not recorded by governmental funds, but are reported under interest and fiscal changes for purposes of net assets

Add - Decrease in accrual for Interest Payable	952
Change in net assets - governmental activities	<u><u>\$ 143,724</u></u>



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
***Of the Parishes of Terrebonne and Lafourche, State of Louisiana***  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**INTRODUCTION**

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche" In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

**Note 1**                      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the council to impose its will on that organization and/or;
  - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Reporting Entity (continued)**

3.      Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above. This decision is based on the fact that the Lafourche Parish Council appoints the voting majority of the Board of Commissioners of the District.

**C.      Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows.

***Governmental Fund Type***

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

- General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**D.      Measurement Focus / Basis of Accounting**

***Fund Financial Statements (FFS)***

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2010 property taxes which were levied to finance the 2011 budget are recognized as revenue in 2011. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
***Of the Parishes of Terrebonne and Lafourche, State of Louisiana***  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**Measurement Focus / Basis of Accounting (continued)**

***Government-Wide Financial Statements (GWFS)***

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

- **Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**E.      Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F.      Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2011 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**G.      Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**H.      Receivables**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**I.      Capital Assets**

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives

<b>CATEGORY</b>	<b>LIFE</b>
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**J.      Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, and
- imposed by law through constitutional provisions or enabling legislation

**K.      Fund Equity**

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balance is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

**Note 2      DEPOSITS AND INVESTMENTS**

Deposit balances at year end are as follows:

	Per Bank	Reported
Cash	\$301,022	\$299,143
Certificates of Deposit	205,659	205,659
Totals	\$506,681	\$504,802

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

**Note 2                      DEPOSITS AND INVESTMENTS (continued)**

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end \$51,022 of the bank balance was exposed to custodial credit risk.

**Investments:**

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Certificates of Deposit	\$205,659	\$205,659	
Louisiana Asset Management Pool (LAMP)	120,793	120,793	Less than one year
<b>Totals</b>	<b>\$326,452</b>	<b>\$326,452</b>	

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

## **BAYOU BLUE FIRE PROTECTION DISTRICT**

## Notes to the Financial Statements

**For the Year Ended December 31, 2011**

### Note 2

**DEPOSITS AND INVESTMENTS (continued)**

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

### Note 3

### AD VALOREM TAXES

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in both Parishes. Assessed values are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2010 on which the 2011 assessment was \$10 per \$1,000 of assessed valuation on property within Bayou Blue Fire Protection District (in both Terrebonne and Lafourche Parishes) for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2011**

**Note 4      COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year ended December 31, 2011

**Note 5      CAPITAL ASSETS**

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>DEPRECIABLE ASSETS:</b>				
Stations & Improvements	\$ -	\$29,891		\$29,891
Machinery & Equipment	210,884	3,400		\$214,284
Vehicles	1,271,680	4,264		1,275,944
Total Cost of depreciable assets	1,482,564	37,555		1,520,119
<b>ACCUMULATED DEPRECIATION:</b>				
Stations & Improvements	\$ -	\$747		\$747
Machinery & Equipment	106,324	16,148		122,472
Vehicles	404,399	90,421		494,820
Total accumulated depreciation	510,723	107,316		618,039
Net depreciable assets	\$971,841			\$902,079

Depreciation Expense of \$107,316 was recorded in the governmental activities.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

**NOTE 6 CAPITAL LEASE OBLIGATIONS**

The following is a summary of changes in debt outstanding as of December 31, 2011.

	<b>Balance 12/31/10</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 12/31/11</b>
<b>Capital leases</b>	\$427,805	\$ -	\$78,528	\$349,277

The District entered into a capital lease agreement for financing the acquisition of a fire truck in 2008. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$287,742. Annual payments are due on March 13<sup>th</sup> of each year. The interest rate on the amount financed is 4.40% per annum.

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2011. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25<sup>th</sup> of each year. The interest rate on the amount financed is 3.75% per annum.

The following is a schedule of future minimum lease payments under the capital lease agreements and the present value of the net minimum lease payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$82,812	\$13,242	\$96,054
2013	62,984	9,992	72,977
2014	65,346	7,631	72,977
2015	67,796	5,180	72,977
2016	70,339	2,638	72,977
<b>Totals</b>	<b>\$349,277</b>	<b>\$38,682</b>	<b>\$387,960</b>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
***Of the Parishes of Terrebonne and Lafourche, State of Louisiana***  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

***Note 7      RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

# BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund  
For the Year Ended December 31, 2011

	Budgets			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes				
Terrebonne Parish	\$ 160,000	\$ 161,200	\$ 161,274	\$ 74
Lafourche Parish	185,000	187,700	187,611	(89)
Intergovernmental				
State Revenue Sharing				
Terrebonne Parish	5,100	5,100	5,128	28
Lafourche Parish	7,200	7,200	7,269	69
Fire Insurance Tax	20,000	26,100	24,870	(1,230)
Interest	1,500	1,700	3,244	1,544
Miscellaneous	100	225	232	7
<b>TOTAL REVENUES</b>	<b>378,900</b>	<b>389,225</b>	<b>389,628</b>	<b>396</b>
<b>EXPENDITURES</b>				
General government - current				
Ad valorem tax deductions	11,700	11,925	11,852	73
Ad valorem tax adjustments	1,850	1,314	1,300	14
<b>Total general government - current</b>	<b>13,550</b>	<b>13,239</b>	<b>13,152</b>	<b>87</b>
Public safety - current				
Office supplies	1,400	6,100	4,862	1,238
Gasoline/Diesel/Oil	7,000	7,500	6,070	1,430
Operating supplies	5,000	4,400	2,766	1,634
Fire Hose Purchases	5,000	6,000	-	6,000
Firefighter Turnout Gear	5,000	10,800	1,973	8,827
2% Fire Ins Reb Exp (Uniforms)	1,500	1,000	991	9
Utilities	5,000	5,500	5,295	205
Telephone	2,500	2,900	2,461	439
Insurance	32,125	28,650	28,353	297
Professional Fees	30,300	30,300	12,629	17,671
Membership dues	500	1,000	415	585
Travel & Training	2,500	2,500	1,556	944
Community relations	4,500	4,500	3,197	1,303
E-911 Fire Dispatch Services	7,500	8,300	8,261	39
Building Repairs & Maintenance	5,000	5,000	10,262	(5,262)
Communication Equipment Repairs	2,500	2,500	640	1,860
Truck Repairs & Maintenance	15,000	25,000	17,130	7,870
Equipment Repairs & Maintenance	8,500	8,500	2,001	6,499
<b>Total public safety - current</b>	<b>140,825</b>	<b>160,450</b>	<b>108,862</b>	<b>51,588</b>
Capital expenditures	121,500	74,500	37,555	36,945
Debt Service				
Principal retirement	79,220	78,675	78,528	147
Interest and fiscal charges	16,710	17,625	17,526	99
<b>Total debt service</b>	<b>95,930</b>	<b>96,300</b>	<b>96,054</b>	<b>246</b>
<b>TOTAL EXPENDITURES</b>	<b>371,805</b>	<b>344,489</b>	<b>255,623</b>	<b>88,866</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>7,095</b>	<b>44,736</b>	<b>134,005</b>	<b>89,269</b>
<b>FUND BALANCES</b>				
Beginning of year	460,742	460,742	460,742	-
End of year	<b>\$467,837</b>	<b>\$505,478</b>	<b>\$594,747</b>	<b>\$89,269</b>

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of  
Bayou Blue Fire Protection District  
Houma, LA

We have audited the financial statements Bayou Blue Fire Protection District; a component unit of Lafourche Parish Government as of and for the year ended December 31, 2011, and has issued our report thereon dated March 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bayou Blue Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a remote possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bayou Blue Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

Thibodaux, LA  
March 22, 2012





**Bayou Blue Fire Protection District**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
**For the Year Ended December 31, 2011**

We have audited the financial statements of Bayou Blue Fire Protection District as of and for the year ended December 31, 2011, and have issued our report thereon dated March 22, 2012. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Section I Summary of Auditor's Reports**

**a Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses

☐ Yes ☒ No

Significant Deficiencies

☐ Yes ☒ No

**Compliance**

Compliance Material to Financial Statements ☐ Yes ☒ No

**b Federal Awards N/A**

**Internal Control**

Material Weaknesses

☐ Yes ☐ No

Significant Deficiencies

☐ Yes ☐ No

**Type of Opinion On Compliance** Unqualified ☐ ☐ ☐ ☐ Qualified ☐

For Major Programs Disclaimer ☐ ☐ ☐ ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)? ☐ Yes ☐ No

**c Identification of Major Programs:**

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

**Section II Financial Statement Findings**

NONE

**Section III Federal Award Findings and Questioned Costs**

N/A

